

ECONOMIC DEVELOPMENT IN THE GAMBIA
AFTER INDEPENDENCE 1970-1977

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CHAPTER I

INTRODUCTION

Historical Background

"A great and mighty river--one of the great water ways of the world." That was how Mary Gaunt, an English visitor to The Gambia, described the River Gambia seventy years ago. The Gambia is indeed a majestic river, over seven hundred miles long. The River Gambia rises a short distance from the town of Labe in the Republic of Guinea and flows in a north-westly direction through the Republic of Senegal.

The Sene-Gambia region enjoys a milder climate than most parts of West Africa because of its distance from the equator. For five or six months of the year, (from November to May/April), a cool, dry north-east wind from the desert, called the "Harmattan," keeps the temperatures within the seventies. The rainy season, on the other hand, lasts from July to October.¹

The banks of the River Gambia have been inhabited for many centuries, but the archaeological evidence is yet insufficient to shed much light on the early history of the country. The first known record of The Gambia is a reference in the account of Hanno the Carthaginian, on his voyage down West Africa about 470 B.C. However, this account is not very informative.

¹Bella Sidney Southern (Wollof-lady), The Gambia, the Story of the Groundnut Colony; With a foreword by Sir John Gray, (London: Allen & Unwin, 1952), pp. 207-208.

During the 5th to 8th centuries A.D. most of the Sene-Gambia area was part of the Empire of Ghana, whose rulers were of the Sarahuleh tribe. The descendants are still strongly represented in The Gambia and reside in the northern part of what is now the Republic of Mali. The Ghana Empire was gradually superseded by the Kingdom of Songhai, based at the bend of the Niger, South of Timbuktu. The Songhai rulers were also of the Sarahuleh tribe and vigorously promoted Islam.

About the 13th century A.D., tribes of Mandingoes and Susus from the Futa Jallon Plateau of Guina established themselves in what is now Mali. They assumed overlordship of the whole Gambia Basin which was mainly inhabited by Wollofs on the north bank and by Jolas on the south bank.

The Mali Empire declined after 1580 A.D. and its Mandingo leaders retired to their former lands in Futa Fallon. But they still held influence over the Casamance and The Gambia as recently as the early 18th century.

Later in that century area was penetrated by Fula invaders, whose ancestors may have come from North Africa and who went on to establish the Emirates of Northern Nigeria.

During the late 18th and 19th centuries, there was bitter and protracted religious dissension, cutting across tribal loyalties between the Marabouts, strict followers of Islam, and Soninkous, who were not preferred to adjure liquor and animist customs. One consequence of the civil strife was that it facilitated the establishment of British control of the whole country despite the opposition of Foday Silla, Damba Sonko, Foday Kaba and others. In 1901 Musa Molloh, King of Fulladu signed a treaty of protection with the British, as he was then

at war with the French, and his was the last of such treaties to be signed with the British.²

Colonial History

European exploration begun when a Portuguese expedition, Commission by Prince Henry, the Navigator, entered the river Mouth in 1455. The Portuguese tried to establish settlements along the river, but the group of settlers seemed never to have been large enough to be of real significance and were gradually absorbed by intermarriages with Africans. Traces of Portuguese influence remains in local languages, some family names, architectural features and in the design of the river cutter and fishing canoes. The Portuguese also introduced groundnuts, the main cash crop today, and tropical fruits from Brazil.

The English first traded with The Gambia in 1587 and began to explore the river in 1618. Trading continued under Companies and Merchant Adventures and a fort was established on the small island in the river Estuary, later known as James Island. This name was given in March 1661, when the fort was taken over by an expedition of the Royal Adventures a prominent partner in which was the Duke of York, afterwards King James II.

The Royal Adventures were succeeded by the "Royal African Company" which continued to trade from James Island for nearly a hundred years with rather poor success. This was due to the constant attacks by other European powers and by privateers.

in 1769, the forts and settlements were vested in the Crown and for eighteen years what is now The Gambia formed part of the British Colony

²Harry A. Gailey, History of The Gambia (New York: Praeger, 1965), pp. 301-309.

of Senegambia, the greater part of which was handed to France. The Gambia section ceased to be a British Colony and was again placed in charge of the African Company.

Thereafter, Europeans activity in The Gambia was dissolved and Banjul and the other British settlements of The Gambia became possession of the British Crown and were placed under the administration of the government of Sierra Leone. The arrangement continued until 1888, except for a period from 1843 to 1866 when The Gambia had its own colonial administration.

During most of the 19th century, British governments were very reluctant to expand their territory in The Gambia. In 1870 and again in 1876, entered into negotiations with France to exchange the British settlements for other areas of West Africa, but the proposal met with opposition in Parliament, as a result, The Gambia was abandoned. Later, it was once again constituted a separate Crown Colony, its boundaries being delimited after an agreement of 1889 with the French, who controlled the adjacent Senegal and Casamance.

Thus, by 1892, the whole country had been brought under British rule. The outlying areas, administered in four divisions, were scheduled as the "Protectorate," distinct from the "Colony," which comprised Banjul and its environs, Georgetown and some small sector, (they succeeded Mile). The distinction ceased upon independence in 1965 and what used to be called the Protectorate is now the Provinces.³

³Gt. Brit., Annual Report of The Gambia 1976/77 (London: H. M. Stationary Off.).

Overview of the Key Features of The Gambian Economy

The Gambia, ten years old since independence, has earned for itself a reputation for unequalled political stability, and progress along petty capitalist lines. Opposition between political parties is respected. The courts of law have maintained their independence and justice takes its course without hinderance.

The government of Sir Dawade Jawara has embarked on various projects to diversify the one crop groundnut economy and already a number of encouraging results can be seen in the progress made in the cultivation of cotton, cassava, rice and food crops in general. Hides and skins and even beef, which is now an export item, has been improved. There is also a brisk export trade in fish and tourism is growing by leaps and bounds. The Gambia has been a member of both the O.A.U., the Commonwealth and the U.N. since independence. It has also joined several international organizations and institutions and enjoys friendly relations with numbers of countries notably, Senegal, Sierra Leone, Guinea, Ghana, Nigeria and also with its former Colonial power, Britain, Guina, Senegal, United Kingdom, United States and Taiwan have established diplomatic missions in Banjul. There are also permanent Senegambian Secretariat for the implementation of various treaties of cooperation signed with Senegal.⁴

In February 1965, when The Gambia achieved independence considerable doubt was expressed by many observers as to whether the new nation could survive. As a very small country wholly dependent on one cash crop, and still in receipt of substantial budgetary existance, with the heights of

⁴T. R. Batten, Problems of African Development I (London: Oxford University Press, 1969).

both the Civil Service and Commerce dominated by expatriates, and with few resources other than its people and its river, the new government faced a considerable challenge.

To meet the aspiration of the people, the policies agreed upon were:

- (1) Increased economic independence
- (2) Opening up of the hinterland
- (3) Gambianisation of the economy and administration
- (4) Maintenance of a free and just society

In the event those policies were adhered to and, in most cases, met with significant success.⁵

Population, Manpower and Employment

Population increased from an estimated 387,000 in 1965 to 525,000 in 1975. The 2.8 percent growth rate during this period can be attributed to both the natural growth (2 percent) and immigration. With the decrease in infant mortality rates and a slight change in longevity, the proportion of the male adult labor force in the total population fell from 32 percent to 30 percent over the 10 year period. Moreover, while wage employment increased at approximately 8.5 percent, the labor force grew at approximately 2 percent. About 90 percent of employment increased was in the public non-productive sectors. In the private sector, growth in wage employment was largely due to the rapid development of a tourist industry, and to the development of a number of small industries. The large public sector growth was a result of administrative expansion as the role of Central Government expanded and the establishment of a number of new parastatal

⁵Gambia Information Center, England, Embassy of The Gambia.

The Change in Wage Employment 1965-75

	1965 March	1970	1975
Total Wage Employment	11,000	12,400	22,200
Employment in Public Sector	5,700	7,000	16,000
Employment in Private Sector	5,300	5,400	6,800

Source: Department of Labor (Statistical Section)

organizations. The phenomenon of unskilled urban unemployed youth has appeared during recent years, and while it is not as yet a serious problem, employment creation for this group looms large as one of the socio-economic issues that must be attacked urgently. The militancy of organized urban wage labor is also increasing and the labor machinery for handling the inevitable situations has not yet been fully developed. A related problem is that a small proportion of the lowest-paid of an urban work force are non-Gambian West Africans. In 10 years, the number of self-employed farm families has increased from 25,000 to 33,000 and the number of temporary immigrant farmers from 12,250 to 13,500. Estimates of the area cultivated per farm family has fallen from 10 to 8 acres, and while there remain certain areas which are not fully exploited, the opportunities for extensive shifting cultivation have been substantially reduced. Economic activity is highly seasonal and mainly tied to groundnut (peanut) sowing and harvesting. This leaves considerable periods of labor under utilization.⁶

⁶Standard Bank Limited, Economic Department Annual Economic Review: Sierra Leone and The Gambia 1973-77 (London), pp. 30-32.

Redistribution of Income

Too little data is available to indicate how the income distribution has changed over time. There has been substantial transfer of foreign owned assets to public ownership, notably in groundnut transport and processing. All but two of the foreign trading firms operating in The Gambia have withdrawn. The vacuum of activity, and thereby income, has been filled by local entrepreneurs and the co-operative movement. The proportion of the groundnut crop purchased by the co-operative movement for sale to the Gambia Produce Marketing Board has increased from 27 percent in 1965 to an estimated 44 percent in 1975. The proportion of the import trade handled by locally owned firms has likewise increased from 30 percent in 1965 to 50 percent in 1975.

The standard, and more particularly the coverage of social services has improved dramatically in rural areas, along with the increase in the number of rural health stations from 66 to 160. Many sub-economic services (telecommunications, steamer service, etc.) are also now subsidized as partial social services.

The total number of persons estimated to have annual incomes over D6,000 (\$3,000) is currently 2,000, or some 1.5 percent of the labor force. Since the depreciation of the pound sterling, and hence the Darlasi remain constantly. The latter has more than restored the status quo in March 1973. Together with other administrative measures, this has helped to some extent in checking the rate of imported inflation.⁷

⁷Eugene Stanley, The Future of Underdeveloped Countries (New York: 1974).

The Public Sector

The most dramatic economic development during the last decade has, doubtlessly been the expansion of the public and parastatal sector to the point where it is involved to some degree in almost every economic activity. Government, that is Central and Local Government agencies, have expanded their contribution to the national product from 13 percent to 18 percent over the last decade. Nearly all the existing parastatal bodies have been created over the last five years; some as conversions of sections of general government and some as new agencies.

Control Government Recruitment Expenditure has risen over the period from 13.4 million (\$8.4 million) to D27.6 million (\$16.56 million), showing a real average growth rate of 2 percent per annum. Revenues have grown faster than expenditure, enabling the elimination of foreign assistance to the current budget (1968). Capital expenditure increased from a level of D5.8 million to D15.8 million (\$3.48 million to \$9.48 million) per annum. Of a total capital expenditure of D38 million (\$50.1 million) over the 10 years, some D38 million has been financed by external aid, but due to the concessionary terms annual debt service payment have recently risen to D1 million (\$600,000).⁸

Growth and Investment

Investment over the decade has been dominated by public sector communication development, and more recently by private sector investment in hotels, tourist services, and urban housing.

⁸Standard Bank Limited, Economic Development Annual Economic Review: Leone and The Gambia 1975/76.

Investment in agriculture has risen from D57 million (\$33.4 million) in 1965 to an estimated D153 million (\$92 million) in 1975 at constant price an average of 4.7 percent per annum. Population has also increased 2.8 percent per annum leaving an annual real growth in per capita output of 1.9 percent per annum, from D144 (\$85) in 1965 to D229 (\$127) in 1975.

Economic Growth 1964/65 to 1974/75

Year	GDP at Factor Cost D000,000	Average Ground- nut Sales Per Ton (Dalasi)	Price* Index	Average Yearly Growth Since 1964/65
1964/65	57	208	100	----
1967/68	66.6	266.63	111	1.7
1970/71	86	467.54	118	4.2
1972/73	93.7	453.85	133.3	2.6
estimated 1974/75	153	310	171	4.7

Source: Department of Economic Planning (Data Section)

*The retail price index issued for deflating GDP figures. The level of domestic savings, and the proportion of investment which emanated from domestic savings, fluctuated with the growth of export revenue from ground-nuts.

External Trade and Payments

Imports, Exports and the Balance of Visible Trade
1964/65-1974/75

<u>Import</u> Fiscal Year	Private	Govern	Total	Domestic	Exports	Total	Balance of Visible Trade
1964/65	22,698	2,484	25,182	23,183	564	23,747	- 143
1965/66	25,123	3,944	29,066	25,702	746	26,448	- 1,618
1966/67	31,832	3,582	35,414	30,054	612	30,666	- 4,748
1967/68	32,768	4,833	37,601	26,065	763	26,829	-10,772
1968/69	42,145	4,499	46,644	35,843	1,043	36,886	- 9,758
1969/70	30,593	4,952	35,843	32,111	662	32,773	- 2,772
1970/71	38,168	4,419	32,111	29,895	1,016	30,911	-11,676
1971/72	41,550	4,666	29,895	34,502	989	35,491	-10,725
1972/73	49,113	5,306	34,188	32,188	1,502	33,690	-20,729
1973/74	58,797	4,698	65,986	65,986	1,621	67,607	+ 4,112
1974/75							

Source: "External Trade Statistics of The Gambia"

Revolution, from D5 to fl in March 1973. The total volume of visible trade has risen by 35 percent (over the eight years from 1965/66 to 1973/74), with export fluctuating as a proportion of the total value from 38.2 percent in 1972/73 to 51.6 percent in 1974/74. The substantial running deficit on visible trade has been financed from capital inflows, both the official and private funds, invisible earnings such as tourism and border trade investment earnings. The current account of the Balance of Payments had been in deficit for most of the last decade, although tourist receipts have recently reduced the extent of the deficit.⁹

Growth in Production

The Gambia remains, after 10 years of independence 1965-1975, completely dependent on agriculture for its wealth, and more particularly on groundnuts for foreign exchange earnings. According to the report by the Minister of Agriculture, on the basis of a 4 year moving average, production has increased by about 4 percent per annum. However, in recent years the seeds of diversification and productive expansion have been planted. A large irrigated rice project covering 3,000 acres started years ago has been completed, and development of cotton as a second major export crop is under way. A confectionary groundnut industry has been established. Other agricultural crops are in process of development.

In 1973/74, gross foreign exchange earnings from tourism amounted to about D9 million (\$3.8 million), representing about 6 percent of GDP. Net foreign exchange earnings are estimated at about D9 million. Direct employment in hotels has increased to 3,000. Indirect employment in restaurants, shops, etc. also increased.

Furthermore, in other departmental levels improvement is also in progress (e.g., fisheries, agriculture, forestry, etc.).¹⁰

⁹Babouarr Nyang, *Gambia Today* (London: Oxford University Press, 1976).

¹⁰Standard Bank Limited, *Economic Department Annual Economic Review: Sierra Leone and The Gambia 1976* (London), pp. 190-193.

CHAPTER II

RURAL DEVELOPMENT

Objective

This chapter is an attempt to state the reasons why rural development emerged as the first priority of the National Development Plan, what it means for The Gambia, what the objectives are for the Plan Period, and how these will be achieved. While the economy of The Gambia is approximately 95 percent rural and almost entirely dependent on agriculture.

While Banjul is the capital and important service center for a large hinterland the tendency has been to use a high proportion of the resources of the nation to develop services for, and increase the employment and income of, its inhabitants. The urban minority living in Banjul and the Kombo already have per capita incomes four times that of the rural population and the magnetic effect of this is shown by the accelerating rate of rural-urban drift. To counter this, the government placed a special emphasis on rural development.

The objective of rural development is to secure accelerated and balance development of the rural parts of the country in which the great majority of the people earn their livelihood directly or indirectly from the land so that they will make a great contribution to the progress of the Nation as a whole, while at the same time providing a sustained improvement in their standard of living such that life in the rural areas

will become increasingly attractive. By the government balancing rural and urban means an absence of undue disparities between different regions and between different groups of people. The correction of these disparities will curb the rural exodus and maintain a socially acceptable geographical and personal distribution of income.

Furthermore, rural development involves much more than improving the yields of agricultural crops. To be effective, it requires co-ordinated development of all those elements which contribute to the welfare of the rural community including nutrition, the availability of appropriate economic and social services, disposable cash income, and the availability of consumer goods and services.¹¹

Strategy

While an attempt is made throughout the Plan to incorporate this policy, it is impractical to simultaneously tackle all the interconnected problems standing in the way of rural development. The strategy reflects three areas of the National Development Plan for e.g., national physical planning, the provision of economic and social services and institutional reform.

- (1) A national physical development strategy to balance the influence of Bangul.
- (2) The pricing of basic agricultural inputs and produce in such a way and at such a level so as to maximize production incentives to the farming community.
- (3) To develop the commercial and industrial potential in rural areas.
- (4) A reorientation of the educational system toward the needs of the rural community.

¹¹ R. Mohoney Jones, Annual Report of The Gambia 1976/77 (London Sch: Economics Press), pp. 212-215.

- (5) Strengthening of the technical ability of the staff of local authorities and the Community Development.
- (6) The establishment of a managerial system to ensure regular review of priorities and progress in rural development, and ensure any decision on national monetary, fiscal and pricing matters are not inconsistent with the policy priority of rural development.

With very limited financial and manpower resources the public sector, a high proportion of future rural development will depend on "TeSito"--the concerted action by a community to work together for the enhancement of common welfare. The realization of nation-wide "TeSito" will require a constant manifestation of political determination to effect rural change by community action, together with guidance, encouragement and support from the agencies involved, in particular the Community Development Department.

National resources play an important role in rural development for example, agriculture and animal husbandry will continue to dominate the rural economy for the foreseeable future. The Plan period will see considerable investment in financial and particularly manpower resources to improve the productivity, thereby subsistence and cash income of the small holder. The extension service will be decentralized and integrated at the village and district level and supported by the provisions of appropriate credit supply and marketing facilities. Linked with this will be a farmer functional literacy campaign, also geared at the village level. These will require considerable input in terms of staff training, farmer education and programme management--a first priority in the Plan. The most direct and simple incentive to the farmer is the price he receives for his products and the income he retains after he has paid his imports.

Physical Planning Control

Physical planning control of urban areas and its environs must be initiated if full zoning plans are to be achieved during the Five Year Plan Period. Integrated environmental planning is a pre-requisite to effective zoning. According to government reports, by 1980, full zoning plans will be completed and enforced. This programme will bear in mind future infrastructural requirements (e.g., planned highways), the need to minimize the national outlay on the provision of infrastructure, the need to create access to public and commercial services for all communities, and the wish to create a reasonable living and working environment. Together with enforcing regulations and regulating the learning of state land, the government also has an important tool in the choice of physical location of its own investment programme--from roads to offices to schools.

In planning control, the effort will be oriented more towards freely advising the private construction sector on their techniques and designs. Strict enforcement of regulations will be directed towards situations where blatant disregard for the law entails a high immediate or potential cost to the community, for example, where a multi-story block is inadequately structured.

Industry and Commerce

The location of industry concerned with the processing of natural resources will, where possible, be located away from Bangul. Conscious efforts will be made to develop rural industrial activity through the provision of training and working facilities for artisans, and the

application of technology appropriate for micro-unit production. The development of rural commercial activity, which will be a vital component of the whole strategy, will involve a strong system, a strengthening of the co-operative movement, an extension of rural banking services, an expansion in the rural presence of the National Trading Corporation and the Gambia Produce Marketing Board, direct assistance to local authorities for market improvement and the provision of central wholesale facilities by Central Government.¹²

For rural improvement to succeed institutional reform plays an important role, for example, the need to involve those to be affected in both the decision making and implementation should be reorganized. The recently created Divisional Development Committees are expected to play an important role in fulfilling this function. The Minister of Planning, Agriculture, Education, Health and Local Government holds a particular responsibility in the area of rural development. A small section was created by the Minister of Planning with a particular responsibility for the rural sector. This sector will ensure integrated programming between sectors working on project preparation.

The government while developing rural areas, also plays an important role in urban improvement.

Urban Improvement

Whereas urban development has been given a high priority in the past, allocation of major resources during the year or next five years will be shared with the less developed areas of The Gambia in such a way

¹²Gt. Brit, Annual Report of The Gambia 1976-77 (London), pp. 365-368.

Public Sector Capital Expenditure in Rural Areas 1975/76-1979/80
D:000 in Current Prices

	1975/76	1976/77	1977/78	*1978/79	1979/80
Community Development					
Health	1,475	5,350	2,620	1,530	1,230
Agri. & Animal Husbandry	2,780	3,550	4,330	5,000	5,980
Forestry & Mineral Resources	200	1,015	6,060	1,610	65
Manufacturing & Commerce	395	797	600	182	115
Environment & Social Welfare	96	110	142	32	30

Source: From Department of Agriculture

*Projected Figures 1978-1980

as to correct the imbalance. In urban areas, allocation of resources will be placed, firstly, according to the government where a delayed investment would realize a substantial long term welfare cost and could be undertaken without detracting from non-urban development; secondly, where a small investment is likely to show a disproportionately high welfare return. The first principally concerns infrastructure, and the second land and super structure terms of direct income and access to essential facilities, there is a wide gap in favor of the urban community.

It is the intention that this gap be narrowed rather than widened. At the same time, it is vital to the balanced growth of the nation that essential physical planning in the urban area continues uninterrupted while planning for the rural and less developed parts of The Gambia be accelerated and placed on an equal footing.

Strategy

Bangul itself is, to all intents and purpose, a densely populated island of less than one square mile linked to the Kombo St. Mary area on the south bank of the river. It contains 19,121 households with estimated average earnings of D200 per month (\$30 per month). The Kombo St. Mary area is about sixteen square miles, it encompasses a number of scattered residential communities, a commercial center, an industrial estate and a coastal tourism area. With a population of 45,000 which is increasing at roughly 3.5 percent per year, its principal function has been that of a dormitory town for Bangul.

According to the National Development Plan Period to institute procedures which will safeguard the most vital features of Gambia environment,

thus providing the basis for developing a national environmental policy. The strategy for these two communities of Bangul and Kombo St. Mary will be:

- (1) The doubling of integrated planning effort in order to reach an early disposition for land use.
- (2) Establishing and strictly enforcing zoning plans throughout the area.
- (3) Encouraging new urban super structure investment to be undertaken in Kombo area than Bangul.
- (4) Land development in Kombo St. Mary to be closely tied to the economic provision of infrastructure, etc.

These major strategies are all to be carried out under the condition that there must be an equitable proportioning of resources in order to correct any imbalance between towns and countryside.¹³

¹³Baboucarr Nyang, Gambia Today (London: Oxford University Press, 1975/77).

CHAPTER III

NATIONAL INCOME

Objective

The most obvious measure of any increase in the welfare of any nation is the degree of upward change in its material income, an indicator that is to a considerable degree quantifiable. Yet, any given increase in the material income of Gambians need not necessarily reflect a measure of an equitable national development, which is essentially achieved by reducing the internal disparities in income distribution and improving social harmony, as well as increasing the totality of the measurable incomes of nationals. It is in this context that The Gambian government project the five years ahead:

- (1) A 24.9 percent in Gross Domestic Product (4.5 percent per year in real terms).
- (2) A 35.8 percent growth in private consumption (6.3 percent per year).
- (3) An increase in total gross investment a proportion of GDP from 12.6 percent to an average of 17.1 percent.
- (4) Diversification away from groundnuts or peanuts industry with a fall in its contribution of GDP from 35.1 percent to 31.4 percent.
- (5) Increase in exports and invisible trade surplus by 12 percent and 47 percent respectively in real terms.
- (6) Income in the rural sector rising 20 percent faster than income in the urban sector.

Total estimated inflation for the Plan Period is 50.7 percent, heavily concentrated in the first two years.

Situation in 1974/75

In the decade to 1974/75 the economy grew at an average rate of 4.7 percent per year, in real terms (i.e., excluding inflation). However, because of the high dependence of GDP on the fluctuating world groundnut prices which quadrupled over the period, this average covers a wide fluctuation in annual movements of between 7 percent in 1972/73 and 35 percent in 1973/74. A degree of success in diversification narrowed this fluctuation more than what it might otherwise have been. The volume of non-groundnut export has doubled in the last decade and net foreign exchange earnings from tourism have increased rapidly in the last six years to reach D4.5 million (\$1.2 million).

Capital formation, as a percentage of GDP, has risen over the last six years from 8.9 percent to 12.6 percent, an increase of 87 percent. This increase is due to the public sector. A 200 percent increase, largely financed from external aid and by the recent heavy private sector investment in the tourist industry. The impact of this investment on the level of economic action has, however, been contained because 70 percent of this expenditure has been on imported goods. Indeed, over the last three years, imports have averaged 48 percent of the total GDP.

Inflation, a comparatively recent phenomena in The Gambia, is not at a level of 15 percent per year. This is to a large part due to the high inflation rates of our trading partners, in particular the United Kingdom to which our exchange rate is tied and to a lesser degree due to the recent sharp increases in groundnut prices.¹⁴

¹⁴Annual Report of the Central Bank of The Gambia 1975.

Future Prospects

The projected growth in per capita GDP over the Plan Period is 8.4 percent. While this may appear to be small, one should not forget that the Plan is starting from a very high base temporarily boosted up by exceptionally high groundnut prices. It will, therefore, be a considerable achievement even to attain this growth in the face of projected falling groundnut prices. If growth is projected to 1979/80 from 1972/73, it totals 58 percent, or an annual real equivalent of 6.8 percent. Reliance on groundnuts will continue to fall, as a proportion of GDP, as a proportion of the value of visible exports and as a proportion of current account earnings. This fall reflects partly the projected price drop, and partly economic development in other crops and other sectors. Even these falls, however, leave the economy very close to a mono-culture. GDP will, thus, in the event continue to be subject to wide variation from year-to-year.

Per Capita GDP - 1974/75-1979/80

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
In Current Dalasi	320	368	443	483	491	523
In Constant 1974/75 Dalasi	320	319	350	361	345	347

Source: Agriculture Department (Statistic Section 1975)

The agricultural sector as a whole see a reduction in its percentage contribution to GDP with, however, large rises in the value of fishing and cotton production partly compensating for the decline in groundnut prices. Rice production will also rise substantially but as a fall in the world price is projected by the world market value of this crop will show only a small increase.

Tourism will expand with 60 percent rise in foreign exchange earnings by 1979/80 according to government reports and its contribution to GDP increasing from 2.3 percent to 3.4 percent. The extraction of deposits of ilmenite, rutile and zircon will provide a significant boost to both the national income and exports.

The most significant macro-economic feature of the Plan Period is the rise in projected gross public sector investment--"some 135 percent by the end of this year according to the Minister of Finance." Total gross investment will vary between 22 percent and 12.3 percent of GDP, averaging 17.1 percent and continuing the trend of the last year. (See table on the following page.) Other major influence on real levels of future income, and in particular consumption, is the establishing of GPMB (Gambia Production Marketing Board) reserves. According to the government this will tend to increase the proportion of consumption in GDP, counteracting the tendency of the large investment programme to reduce the share of consumption.

Over the Plan Period private consumption is projected to grow by 35.8 percent, from 64.7 percent of GDP 70.4 percent, rising fairly steadily. Import consumption goods rose from 51.8 percent in 1977 and early 1978 and mostly will fall away. Exports increased by 12 percent due to the downfall in groundnut prices and cause non-groundnut product to increase almost to 100 percent, for e.g. minerals. The invisible trade surplus, largely as a result of tourist expansion, is projected to rise by 49 percent.

Savings in The Gambia are dominated by farmers savings through GPMB reserves. However, the stimulation of increased voluntary savings is an important feature of government policy. The level of private savings at

Private Deposit at Commercial Banks 1970-1980
(D'Million in Current Prices)

	1970	1971	1973	1974	1975	1976	1977	*1978	1979	1980
Demand Deposits	4.0	3.5	6.9	5.7	7.4	8.4	9.3	10.2	11.2	12.5
Time & Savings Deposits	2.8	2.8	3.8	4.9	6.6	7.5	8.3	9.0	9.9	11.1
Totals	6.8	6.3	10.8	12.1	14.00	15.9	17.6	19.2	21.1	23.6

Source: Commercial Bank Bangul 1974

*Projected 1978/80

Gross Domestic Product by Major Sector - 1974/75-1979/80
(D'Million in Current Prices)

	1974/75	1979/80	Real Percentage Change
Tourism	6.1	11.2	9.3
Commerce	11.1	22.3	33.3
Other	26.1	50.7	28.9
GDP at Factor Cost	152.6	286.6	24.7
GDP at Current Prices	14.4	27.6	24.9
Agric. & Natural Resources	104.8	314.2	21.3

Source: Department of Economic Planning 1975

*Projected 1978/80

commercial banks has fluctuated widely in the past, and there has been little underlying real growth. The government is now expecting a saving growth from 0.9 percent to 5 percent by 1980.

Income Distribution

The present ratio of urban to rural per capita income is estimated to be 15:4. However, during the last three years, a considerable proportion of rural income has been withheld in the form of GPMB reserves. The reserves of the GPMB together with a high public sector rural investment programme will improve rural living standard at a faster rate than urban--to a ratio of 7:2. This would be considerably more in favor of the rural areas but for the tendency for investment in urban utilities to bring an immediate benefit to consumers, while much of the benefit of the rural investment programme will only be seen in the next decade.¹⁵

¹⁵Annual Report Department of Economic Planning 1976.

CHAPTER IV

MONETARY AND PUBLIC FINANCE

Objective

The objectives of monetary policy in forms of the functions of the Central Bank are:

- (1) To maintain monetary stability.
- (2) To aid and abet the implementation of goals in other sectors of the economy, especially with regard to government budgets, foreign trade, and domestic business finance.
- (3) To facilitate, real economic growth, through the fostering of instruments and institutions designed to increase the flow of voluntary savings and to channel these into productive investment.

The objective of fiscal policy is to insulate recurrent revenues from the effect of inflation, examine ways of increasing these in real terms, encourage labor-intensive economic activity, reduce income disparities, and to minimize expenditures in the administrative sector.

Some of these objectives are mutually reinforcing; others at times may conflict. Planning by the government is sometimes aimed at a judicious balance of policies.

The main components of the financial sector in the Gambia at present are:

Central Bank

Central bank of The Gambia was formed in 1971. The main aim of the

formation is to regulate the issue, supply, availability and international exchange of money; to promote monetary stability; to promote sound financial structure, and credit and exchange conditions conducive to the orderly and balanced economic development of the country.

As a means of controlling credit, the bank requires the Commercial Banks to maintain cash balances or other assets with it against their deposits and similar liabilities. (The total reservers which the bank is required to use its best endeavors to maintain an external reserve of internationally recognized reserve assets at a level adequate for the international transactions of The Gambia.) These, assests consist of gold, holdings of SDR's and reserve position in the IMF, foreign exchange, bills of exchange, promissory notes convertible into foreign currency, and treasury bills and securities issued or guaranteed by foreign governments or international financial institutions.) The bank accepts deposits and makes payments on behalf of the government, and administers the public debt.

Commercial Banks

The operations of Commercial Banks are largely confined to accepting deposits, foreign exchange transactions and financing the marketing of the government crops and of imports. With its share of the banking business increasing steadily, the GCDB is now the most important in terms of loans and deposits, even though it depends on the Central Bank to accommodate for its lending operations. The capital market is still in the early stages of development. As a result, development wing of the GCDB and the supporting activities of the Central Bank are the only institutions at present providing long term capital to enterprises. The

instruments of the embryonic capital market consist briefly of medium to long-term loans made by GCDB. Some are guaranteed by the government.¹⁶

Monetary Policy

Because Monetary Policy must be feasible and quickly responsive to arranging conditions; only broad lines are given here. Nevertheless, the maintenance of monetary stability, while it cannot be an overriding goal in a developing country, must have a high priority. The inflationary impact of more costly imports, growing domestic liquidity and an apparently increasing propensity to come are very clear and present dangers in The Gambia.

Even though the ability of the financial sector to contain imported inflation is limited, the following measures are taken by the Government:

- (1) Maintenance of the purchasing power of the Dalasi abroad.
- (2) Enhancing the yield of foreign assets.

The maintenance of the purchasing power of the Dalasi in overseas markets is at present complicated by the existing link between the national currency and its intervention currency (the pound Sterling). With the weakening of the pound, the purchasing power of the Dalasi declined in spite of The Gambia's healthy balance of payments.

The monetary authorities will deplore various proposals for minimizing this inadvertent depreciation of the Dalasi, in light of the continuing importance of sterling to the country's foreign trade, and a major convertible currency. The Central Bank is responsible for the management of foreign exchange holdings which will implement to enhance

¹⁶Standard Bank Limited, Economic Department Annual Economic Review: Sierra Leone and The Gambia 1973-77 (London).

the yield on foreign assets, "which stood at 27.7 million Dalasi (June 1975)."

On the domestic front, maintenance of price stability hinges on policies designed to contain excessive liquidity. The careful balancing of objectives is important, but conflicts are inevitable. For instance, development outlays to increase the productive base of the economy lead to a substantial lag between income generation and increase in real output. Higher producer prices inflate the incomes and spending of households, producing a potential upward thrust on domestic prices to strengthen the powers of demand management of the monetary authorities. For example, the first such measures has to do with the framework of control of financial institutions, consisting at present of three acts: Central Bank of Gambia Act of 1971, Gambia Commercial and Development Bank Act of 1977, and the Financial Institution Act of 1974. The Minister of Economic Planning indicated that a fully staffed Financial Institution Supervision Department will be established by 1980 to clarify ambiguities in, and implement dormant provisions of the existing legislation.

Plan Goals in Other Sectors of the Economy

According to the government expectation of budget surplus within the Plan Period, the task of the financial sector is to facilitate the ability of the Central Bank to respond flexibly to seasonal budgetary needs and add to government revenues. In the realm of foreign trade, there is no clear indication that the balance of payments will deteriorate sharply over the Plan Period. The ability of the system to finance the requisite volume of imports appears adequate, assuming favorable

net capital inflows given the growing current amount deficit (See Table). The present of liberal exchange control has served the country well, and past capital export had taken place largely because of the limited investment outlets in the country.

As regards financing business enterprises, the three commercial banks aided by Central Bank, are capable of accommodating all legitimate trade needs in terms of short-term finance.¹⁷

¹⁷R. Mohoney Jones, Annual Report of The Gambia 1976-77 (London: Economic Press).

BALANCE OF PAYMENTS (IN MILLION OF DOLLARS)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	*1977/78	1978/79	1979/80
EXPORT	37.0	38.1	41.5	37.6	73.7	93.4	90.0	94.5	99.2	*104.2	*109.4
IMPORT	-32.1	38.5	-40.6	-46.9	-67.3	-86.9	-95.0	-109.5	-126.5	-126.4*	-139.1*
MERCHANDISE BALANCE	+ 4.9	-0.4	+0.9	-9.3	+6.4	+6.5	-5.0	-15.0	-27.2	-22.2	-29.7
BALANCE OF SERVICE AND TRANSFERS	4.2	-3.0	-1.4	+1.7	+3.4	4.3	-3.5	+1.1	*+0.3	-4.0	-5.7
CURRENT ACCOUNT BALANCE	+0.7	-3.4	-0.5	-7.6	+9.8	+2.2	-8.5	-13.9*	-26.9*	-26.2	-35.4
NEW CAPITAL INFLOW	+3.1	+9.0	+3.3	+7.5	+8.8	+8.6	+9.1	+22.0	+24.5	+14.0	+10.7

(SOURCE PRESIDENTS OFFICE ECONOMICS SECTOR)

*1977/78 PROJECTED FIGURES BY THE PRESIDENT'S ADVISORS

1969/70 BALANCE OF PAYMENT +3.1
 1970/71 BALANCE OF PAYMENT +9.0 (INCREASED BY 3.2)
 1971/72 BALANCE OF PAYMENT +3.0 (DECREASED BY 2.7)

The widest increase was in 1976/77

Government Fiscal Policy

A major study of all tax, fee and duty revenue was taken in 1976/77 to determine the most effective methods for inflation--proofing each recurrent revenue source, and to ensure adequate progressiveness of the tax structure.

However, for the duration of the Plan, the major source of revenue will be indirect taxes, and particularly import duties.

The introduction of any new taxes during the Plan Period is concerned with extending the tax-base, especially towards the higher-income groups discouraging the employment of non-Gambians. Encouraging labor-intensive techniques of production, and encouraging the growth of domestically-owned and operated enterprises, particularly in rural areas. The existing development Act 1973 offers income tax and duty concessions to potential investors. In the future, import of machinery threatening to reduce employment opportunities will be discouraged. Tariff protection will be given in exceptional cases.

Revenues projections increased 40 percent in real terms over the five year period an average of 7 percent. As a proportion of GDP at current market cost, revenues will increase from 19 percent to 21 percent between 1975 and 1980, reflecting increased public sector importance.

The policy of stabilizing government prices through the GPMB, a parasitable body, will continue according to the Gambia News Bulletin. An adequate stabilization fund has been established during the recent period of high world prices by the government to cope with inflation. However, over the years ahead, it is likely that producer price will bear a closer relationship to world prices, so that in certain years GPMB will be drawing on its reserves. Such a policy covers both fiscal and monetary

Recurrent Revenue Projection

	1975/76	1976/77	1977/78	*1978/79	1979/80
Import Duties	16.1	18.2	19.9	21.5	22.9
Groundnut Sales Tax	5.7	5.6	5.6	5.7	5.8
Income Tax	3.1	3.3	3.6	3.9	4.3
All Others	8.2	8.9	9.4	10.1	11.1
Total in Content Prices	33.1	36.0	38.5	41.2	44.1
Total in Current Prices	38.1	45.5	51.6	58.6	66.4

Source: Department of Finance - Ministry of Finance 1977

*Projected 1978/79-1979/80

considerations.

Recurrent Expenditure

For the first time long-term budgets have been projected for each spending ministry. Every allocation shows some increase, but the change in distribution over the years reflects the broad government priorities and strategy. In certain areas, for example, construction, certain recurrent expenditure is in fact disguised capital expenditure. In some cases capital expenditure is usually classified as replacement or restructuring, is often deferred maintenance expenditure or maintenance will be allocated by the Minister of Finance and Works.

The government's past development expenditure was almost entirely financed from two sources, loans from United Kingdom and from the International Development Association. The language will more than double the rate of development in current terms with a broad diversification in source of finance. The priorities are in favor of rural productive investment where the allocation reflects foreseeable maximum absorptive capacity. The urban sector, in particular public utilities, will be temporarily inflated by certain large items in water supply, electricity and sewage where expenditure will not deflect attention from the rural effort and cannot reasonably be deferred.¹⁸

¹⁸Gambia Information Center, Embassy of the Gambia, England (N.d).

CHAPTER V

COMMERCE

Objective

The development of this sector must be considered within the context of open economy with imports financed mainly by substantial cash crop exports, which accounts for 45 percent of GDP. Foreign trade is dominated by the GPMB (exports) and a small number of large trading houses (imports). Domestic commerce is dominated by a large number of petty traders, many of whom are non-citizens. The vital function of the sector is to handle the flow of goods, from producer to consumer policy will be, firstly, to improve the efficiency of this handling by the provision of supporting facilities and services as well as public participation and regulation where necessary; and secondly, to increase citizen participation in the sector.

The government is to assist private commerce which is limited by the dearth of information on the sector and by its own manpower and financial resource constraints. With this in mind the strategy for the Plan Period provides:

- (1) A survey of trade strata in rural areas will be undertaken.
- (2) In the provision of communications infrastructure the needs of commerce will receive due regard.
- (3) Fair competition, particularly in the rural areas will be encouraged.
- (4) Access of citizens to suitable credit facilities will be made easier.

According to government foreign trade about 95 percent of recorded exports are composed of shelled groundnuts and groundnut oil and cake. Fish accounts for most of the balance. The groundnut and groundnut products are exported to European countries by the GMPB and marketed there by a subsidiary company based in London. With The Gambia, an associate member of the EEC, there is no official barrier to the continuation of this oil cake where floxtoxin is causing certain marketing difficulties. The GPMB, is supported by the EEC Commodity Stabilisation Arrangement (STABEX), has adequate reserves to hold up domestic producer prices against all but the most seriously sustained collapse in world market prices.

The next five years will see some diversification of export earnings in minerals (zircon, ruble and ilmenite). Confectionary groundnuts and cotton will be marketed by GPMB. Of total imports, manufactured consumer goods account for approximately 40 percent; foodstuffs, beverages and tobacco 25 percent and investment goods 18 percent excluding government requirements (10 percent of the total) and bulk imports of foodstuffs and fertilizer which is handled by GPMB, these imports are mostly controlled by importing houses, one of which is the public owned national trading corporation. Private Gambian citizens play a particularly limited role in this trade. The major trading partner remains the UK although its share of imports has fallen in the last decade from over 40 percent to 25 percent.

The broad pattern of domestic trade is shown. It is determined by the operation of a small number of larger firms supplemented by a large informal sector of petty traders, whose business is highly seasonal. The larger firm objective was introduced and its objective is to develop the

sector in such a way as to provide the participants with a reasonable income from a low average margin on a high turnover of goods, thereby providing an efficient and reasonably priced service to both the producer and consumer. Factors which will determine the rate at which this is achieved include the emergence of specialized traders (e.g., food wholesalers) the stimulation of fair competition and the business expertise of the required manpower. All of these matters will be marketing of domestic foodstuffs and promotion of citizen participation.

To facilitate commerce, it is important to improve the efficiency of the movement of foods which will reduce the handling margins which face both the producers and consumers. The large improvement in rural telecommunication proposed for the Plan Period will also directly assist the development of the commercial sector. In a more sophisticated economy commercial decision making leans heavily on market information services--published data and opinion on market prices, availability of goods, new openings and approaching commodity surpluses or shortages. The provision of this information eventually becomes an industry in itself. The Gambia, for the Plan Period can only make a start on the more valuable fields of information, using such resources as can be made available. The Ministry of Agriculture will, in coordination with the Statistic Office of the Ministry of Information and Tourism is responsible for all publishing and information gardening. According to their report the wholesale and retail trades are heavily dominated by non-Gambians and situations as such are now being reviewed during the Plan Period.

Furthermore, effective increases in citizen participation in commerce will depend heavily on the extent to which Gambians are able to acquire and utilize new skills.

In late 1978, a scheme to advise small local businessmen currently involved in the informal commercial and manufacturing sectors will commence on a pilot basis. It will be a non-official advisory service to small local entrepreneurs in commerce and manufacturing to assist them to take full advantage of the facilities, technologies and techniques which are most appropriate to the survival and expansion of their particular business. It is hoped that over the period of 1978/79 it will establish clear guidelines for all small businesses. Over and above this period, there is a limited but real need to provide, local management training facilities for the formal sector, particularly where Gambianization is involved. Such facilities will be available in a year to come.

In addition, any participant in commerce, particularly during a period of expansion, tends to lean heavily on the availability of credit, both from suppliers and from the banking system. Indeed, for the individual trader, commercial successor failure is usually determined by his ability to raise credit required to match his turnover. While the public sector cannot generally assume the role of entrepreneur, it can assist by ensuring that reasonable credit facilities are made available through the banking system to support the types of business or commercial development which are in the prime national interest. While the terms of commercial¹⁹ credit will be below ruling international rates, they will not be lower than projected rates of domestic inflation.

¹⁹Gambia Information Service 1976/78, This is The Gambia Land of Sunshine and Peace.

Future Prosepcts

In the longer-term, an improvment in communications will encourage more effective competition in rural areas. To achieve this effect, sooner, the National Trading Corporation has been established as a parastatal organization to improve the operating and management efficiency of this sector and to ensure that the objectives of portfolio ownership are reflected in the actions of the organizations concerned, government will:

- (1) Establish by stature the Gambia National Investment Board as a central portfolio management body.
- (2) Make the required capital investment funds available to relevant corporations and companies on the terms and for the purposes determined by government.
- (3) Limit the expansion of this sector in new activities, prior attention being given to the consolidation of existing organization and interest.

Regulation of commerce to protect the consumer is a prime responsibility and function of the government. This function is executed by statutes regulating such matters as company registration, business licensing, price control and trade markets. The only major development proposed during the Plan Period will be the introduction of metrication in weights and measures. Application of the statutes and regulations will continue to be influenced by the need to minimize complexity in administration, indigenous activity, and the need to avoid exploitation of the general public either by ecnouraging reasonable competition, or to the extent this is not possible, price control will be imposed.

NHE Exports

	EEC UK	Other	Other West Europe	Africa	All Others	Total
1966/78	64.4	15.1	17.4	.5	2.6	100
1968/70	42.7	33.2	18.5	1.	4.6	100
1970/72	43.7	43	9.4	1.5	2.4	100
1972/74	32.5	48.2	15.3	2.0	2.	100

Source: Ministry of Foreign Affairs

The EEC countries continues to receive about 80 percent of all exports, however, within this share going to UK alone has fallen from 64.4 percent to 32.5 percent. Also of importance, as with imports, is the increasing importance of trade with other African countries, in particular West African neighboring countries.²⁰

²⁰Gambia Information Center, Annual Report of the Ministry of Finance.

PERIOD	U.K	EEC OTHERS	COMMON WEALTH CON.	MAIN- LAND CHINA	JAPAN	OTHER ASIA	AFRICAN SENEGAL	OTHER WEST AFRICA	OTHER AFRICA	ALL OTHERS	TOTAL
1966/68	38.2	11.1	5.2	5.8	17	10.8	.3	1.9	1	8.7	100
1968/70	31.9	11	7.1	10.7	15.5	11.2	.7	1.6	2.6	7.7	100
1970/72	31	13.7	7.6	8.3	16.7	8.8	2.2	2	2.5	7.2	100
1972/74	26.4	18.1	8	11.7	7.5	9.7	4.6	3	1.3	9.7	100

The share of total imports from the largest two trading partners was 55.2% in 1966/68, and had fallen to 38.1% by 1972/74. Moreover, Mainland China had superseded Japan and the second largest trading partner for imports.

DIRECTION OF TRADE - 1966/67 - 1973-74

(PERCENTAGE DISTRIBUTION)

SOURCES: STATISTIC SECTION - DEPARTMENT OF FINANCE

CHAPTER VI

TOURISM

Objective

Tourism is an industry which is only becoming established in The Gambia. Because of this and the essentially fluid nature of the industry it is important that government's policies, objectives and measures in support of its growth are devised so as to ensure a sustained development of both the industry and employment consistent with national policies of social and environmental change. To this effect, the Plan's objectives for this sector anticipate:

- (1) Increased local participation in ownership and management of the facilities.
- (2) Development of Gambian operated supporting services and industries.
- (3) Strict regulation of spatial distribution of the industry, and of the major buildings involved.
- (4) Diversification in both the sources of tourist supply and in type of vacation.
- (5) Maximum "up-country" tourism.
- (6) Orderly expansion of both the infrastructure and super-structure.

Specific targets for the industry are:

- (1) Increase in the number of package visitors from the current 20,000 to 30,000 by 1978.
- (2) Two small hotels built in the provinces.
- (3) An increase in net foreign exchange earnings from D4.5 million in 1974/75 to D7.2 million in 1979/80 (at 1975 prices).

- (4) An increase in indirect employment in the industry from 2,100 to 3,500 by 1979/80.

Strategy

The government's involvement in the industry will be primarily concerned with promotion of investment, regulation, and staff training.

More particularly, this is defined as:

- (1) Arranging for the provision of suitable credit facilities for local investors and selected overseas investors.
- (2) Increasing skill and managerial training facilities for hotel and tour operator staff.
- (3) Increasing facilities available for persons in supporting industries (e.g., handicrafts, horticulture).
- (4) Use of physical planning strategy prepared for Bafoloto, plus the introduction of new physical control measures.
- (5) Introduction of a new selective investment promotion programme.
- (6) Direct support to the provision of provincial hotels, camps, and facilities on the river.
- (7) Careful programming of minimum required supporting physical infrastructure.
- (8) Revision of certain taxes, service charges and levies.²¹

Private Investment

In the past, government has, with certain exceptions, avoided direct investment in the industry. This policy will remain, but long-term credit facilities will be made available to the banking system for on-lending to carefully selected local and overseas entrepreneurs

²¹Gambia Information Center - Tourist Division, This is The Gambia Land of Sunshine and Peace, pp. 25-47.

to partially finance their ventures. The bulk of this credit will itself be obtained by the government from overseas sources. The priority places of these funds is because there will be diversification of tourist supply from Europe. Their utilization will be closely tied in with a small investment promotion campaign to be undertaken in Europe in 1976-78. Where possible the hotel investor will have a reliable link with a large tour operator. The funds will also be used to support a limited number of local entrepreneurs investing in small hotels in the provinces. Visits by non-package individual tourists will increase an absolute kind of diversification will be important in helping to make the industry a national enterprise. Hotel investment is estimated at D12 million (1975 prices, or D18 million current prices) over the next years. The possibility of developing a casino as a means of boosting the industry is being examined.

Public Investment

Except in the line of credit, this largely takes the form of the provision of supporting infrastructure in the Kotu Resort area, in particular the extension of road, electric power, water supply, and tele-communication systems. Special sewage, solid waste disposal, and beach cleaning services will be established for the benefit of the coastal hotels. Hotel training facilities to accommodate 50 trainees will be built as well as food storage and marketing centre aimed primarily at increasing the proportion of locally produced food consumed by tourists and, thereby, reducing imports.

Relevant investment which is only indirectly or partly related to tourism covers such items as rehabilitation of site of historic interest, wildlife conservation, and communications.

Responsibility within the government for training regulation and promotion of The Gambia as a tourist destination will remain with the Ministry of Information and Tourism. Specialized overseas representation for promotion will be considered late in the Plan Period. The Ministry of Planning will have responsibility for investment promotion and the Ministry for local government for planning and building controls.

To coordinate sector development the existing Tourism Liaison Board, an inter-ministerial committee, has reorganized to increase its effectiveness. In late 1975, a project management unit, responsible to the board, will be established specifically to coordinate the proposed infrastructural and superstructural development in Kotu.

Costs and Benefits of Tourism

Expansion of tourism may cause some social problems, although this is true of any modern development, agricultural or industrial. There is an influx of people with very different cultural, social and economic backgrounds whose impact cannot be ignored. A Tourism Information Programme for school children mounted by the Ministry of Education, will commence in 1976 and a programme of socio-economic research will be expanded. Some 75 percent of the jobs created are limited to the seven-month season. A proportion of the tourist promotion effort will be directed towards different off-season market for special interest visitors and the horticultural program will attempt to create further alternative

off-seasons agricultural employment. Environmental deterioration along The Gambia's limited coastline will be closely guarded against.

The benefits will appear very largely as income and employment to citizens of The Gambia either directly in the hotels or in supporting services, and in terms of revenue to central government. The proposed public plan expenditure is expected to generate foreign exchange earnings and employment of a level which will give The Gambia a 13 percent rate of return, while still allowing the necessary interests an adequate return on their investments.²²

Environmental Considerations

Physical plans for coastal developments have recently been completed. They provide the basis for stringent control of beach resort development, in particular of the Bafoloto area, through regulations concerning land-use buildings, and environmental protection. A new planning act containing the necessary land-use controls will be drawn up, the existing building regulation revised, and new standards for architecture and landscaping put forward during 1975/76.

Most of the development during the Plan Period will take place at Kotu, part of Bafuloto. The physical plan for this development defines two distinct but inter-related zones, the tourism area near the coast and the labor support inland area. Kotu will contain these resort sites, Kotu Beach, Kotu Point, and Kotu strand and a labor support area, Kotu town. The resort sites will be separated by nature reserves and the forest along the coastal highway (Badala Parkway) will be spared. The general layout of the three sites will be similar. In the centre of each resort area,

²²Gambia and Tourism, Tourist Information Center. Ministry of Information 1975/79, pp. 107-110, 175-187.

where the access road from Radola Parkway ends, there will be a focal point of activity to include a parking area, shops and recreational and sports facilities. A sewage system involving stabilization ponds will be built to serve the three resort areas, sited with a view to re-using the effluent for irrigation. Solid waste from the area will be collected and disposed of in prepared sanitary fill, and a system for regular beach cleaning initiated.

Staff Training

Until 1979, when a school will be completed, temporary facilities will be used to give basic training to 50 students annually and to upgrade another 50 already employed in the industry. The basic course will extend from October to June with practical training in a rented beach hotel in July and August. The upgrading courses will be run full-time during July and August in the "trainig" facilities. Some eight middle-management students will be sent abroad every year for training. This should allow considerable progress towards complete Gambainization of the existing jobs in industry by 1979/80. The new school, when complete, will consist of classrooms, a language laboratory and specialized workshops.

Citizen Participation

Apart from these citizens directly employed in foreign owned hotels there is growing anticipation of Gambians in supporting industries and services, both in the formal and informal sectors. However, there remain a number of areas where government support will be required to make participation effective; in particular, in the supply of appropriate foodstuffs,

in the provision of quality handicrafts, excursions, entertainment and general transport services. The selective provision of credit finance had been mentioned but support will also be given in certain cases in the form of the provision of physical infrastructure, and the provision of specialized training and advice. About 85 percent of the foodstuffs consumed by tourists is now imported, more because of the absence of proper marketing channels and shortage facilities than lack of local productions. A food marketing and storage project with reception, grading, storage and freezing facilities will be established under expert management in 1976/77-1977/78 to tackle this bottleneck. In 1976/77, it is planned to encourage indigenous high level employment and to improve net foreign exchange earnings from the package industry by forming a locally based company, if possible, with government in partnership with existing operators, to operate local tours and allied services. Assistance to the handicrafts industry will be in the form of physical facilities and expert advice and guidance. A small program of clusters of permanent market stands for the sale of local handicrafts and fruits at the major resort sites will be continued during the Plan Period. They will be rented to local merchants. Expert assistance will be made available to assist in design, production techniques, and marketing of local handicrafts. A selected number of local entrepreneurs involved in construction and supporting services will be assisted under the pilot indigenous enterprises advisory scheme. It will be important to ensure that the standard and quality of services provided is adequate for the industry, and that they can survive, after a period of establishment, without direct or disguised official protection against competition.²³

²³This is The Gambia Land, pp. 369-371, 402-416.

CHAPTER VI I

AGRICULTURE AND ANIMAL HUSBANDRY

Agriculture Objectives

Fundamental to the goal of rural development will be the attainment of a significant boost to agriculture production. Goals for this sector is:

- (1) To improve nutrition standards in rural areas.
- (2) To eliminate bulk cereal imports, and in particular rice by 1980.
- (3) To diversify rural cash crop income.
- (4) To achieve a 35 percent rate of growth in domestically consumed foodstuffs and a 45 percent rate of growth in marketed export cash crops at the end of the Plan Period.²⁴

	Present Situation	Annual Average During Plan Period	End of Plan Period 1979/80
Groundnuts	135,000m tons	150,000m tons	*180,000m tons
Rice (Paddy)	32,000m tons	50,000m tons	* 63,000m tons
Sorghum & Millet	47,000m tons	50,000m tons	* 65,500m tons
Seed Cotton	266 tons from (1000 acres)	650 tons from (2000 acres)	* 3,500 tons (10,000 acres)

*Projected forecasting 1979/80.

The most important feature of agriculture strategy is the co-ordination integration and strengthening of the extension effort in agriculture,

²⁴Gambia Information Center, Embassy of The Gambia.

animal-husbandry and co-operatives. First priority will be development of inservice training and programme management. Directed in particular towards the small farmer are the Plan's provisions for numeracy programmes credit and input supply, product storage and marketing and cattle stock improvement. Priority attention will be directed to soil conservation and improving the critical problems of surface and ground water supply.

The farming areas of The Gambia can be classified and quantified (See Comparison of Agricultural Potential and Current 1972 Land Use). The provision of supporting physical infrastructure for agriculture, in particular feeder road will be directed to those areas where crop-evacuation is a primary constraint, or where substantial areas are identified as having high potential. For livestock the provision of infrastructure will include improving access to watering facilities for cattle, both from the river and from well, and to marketing facilities.

Intensification of agricultural methods of production is now being used effectively and production is improving. The traditional system of extensive and shifting cultivation will give way to intensive methods. The intensive package programme not only provides good quantity seed, fertilizer, etc., will also open up technical possibilities for the use of ox-drawn equipment for upland crops resulting in increased production.²⁵

Agricultural food production, that is in particular the production of sorghum, millet and maize for subsistence consumption, will have a priority call on agricultural research, seed multiplication and extension services. The education input will be a concern of a number of departments of government.

²⁵ Ibid.

The organization of the provision of inputs (both the consumables and durables) and the required credit will be largely the task of the co-operative movement, working closely with the agricultural extension service in the introduction of intensive methods. This will turn the society from groundnut marketing into genuine multi-purpose organizations. Improved marketing will call for the provision of more rural storage, a more integrated transport network, initial processing plant and central facilities for a number of crops, as well as institutional strengthening, particularly in animal-husbandry and horticulture.

Pricing policy, both for agricultural inputs and outputs, will be given closer attention so as to provide adequate but realistic incentives for progressive farming, avoid excessive border movements of goods or produce, and maintain reasonable isolation from violent short-term fluctuations in international prices.²⁶

Public Sector Programme

Public sector capital expenditure in agriculture sector is being boosted from a current level of D1.676 million per annum to an average of D3.0 million. Recurrent expenditure is projected to increase from D2.6 million to D5.8 million.

In education and training, the staff of various departments under the Ministry of Agriculture will make use of the Management Institute at Yundum; field inservice training will be provided for co-operative, veterinary and agricultural officers, and in general to extension agents. Most of the training will be done in the field and each area center will have a training center. Farmers will be trained by management staffs

²⁶"Gambia in Progress," Gambia News Bulletin, 1976/78.

of the Ministry of Agriculture and natural resources to bring about more efficiency in planting, harvesting, etc.

Futhermore, the development of wide ranging, effectively co-ordinated extension service will be crucial to the success of government plans. The aim is effective expansion and structural change to give coverage to 70 percent of small holders by 1979/80 using the village community as the basic development unit. Multi-purpose village extension agents will be appointed to guide farmers to maximize their groundnuts production. Their inservice training will be partly general (groundnuts, credit-assessment fertilizer, etc.) and partly related to the specialized crops (e.g., vegetable) of the region in which they are serving. Specialized one crop demonstrator will be trained for cotton and rice. Most of the training of village extension agents will be undertaken in the field. All the village extension agents will have responsibility for the introduction of the groundnut package deal to interested farmers. This includes working particularly closely with the co-operative movement on the credit element of the package. The deals with low interest rate on credits, tax breaks, subsidies, etc. The Forestry Department will support farmers in their work on village wood lot development, and in general soil and water conservation. Information services and farmer training will play a growing role. To support the extension service and the Ministry of Agruculture in their aim to increase higher results from farmers' crops.

A large research programme into equipment for "oxeniation" is virtually complete, except for experience in swamp conditions. Result of this research will be put to use now and years to come. This research highlighted the increase in productivity resulting from the introduction of oxen using equipment adapted for local conditions.

Credit

Past efforts at agricultural credit schemes have not been noticeably successful, largely because paid scant heed to social and economic realities. Most of the existing credit handled by the co-operative movement is used only to meet the subsistence need of the small holder until the harvesting of their crops. This amounted to some D4.0 million in 1974/75. The commercial banks have been an almost exclusive source of short-term credit to licensed groundnut buying agents for purposes of crop purchase. This amounted to some D12.6 million during the 1974/75 buying season.

The agricultural credit policy during 1976/77 is directed towards increasing production. Production and development credit, for short and medium term, will be made available on a package basis for a group of inputs (fertilizer, seed, pesticides, oxen, implements, water lifting equipment and small amount of working capital) at a predetermined ratio. Loan policy will be based on (a) an objective criteria for fixing credit limits; (b) institutional arrangements whereby the credit limit fixed can be checked by the Commercial and Development Bank. As a safeguard against malpractice, loan policy and operations will be entirely opened. The selection of farmers for credit will be made on the basis of a joint assessment by agricultural agents and co-operative officers of individual requesting financial accommodation. Loans to individual members of society shall be made on the basis of their projected productive and repayment capacity.

The amount of funds for production credit, approximately D10 million over the next five years, will be made available by government and Gambia Produce Marketing Board on soft terms, though the Commercial

and Development Bank to open a direct credit line for assisting progressive farmers, particularly in the areas of irrigated rice, horticulture citrus, poultry, agriculture and the development of indigenous agro-industries related to Gambian produce.²⁷

Marketing

Agriculture is rarely connected to the marketing system. This system is very loosely co-ordinated and in particular suffers from very underdeveloped wholesale trading. In certain limited cases a trucker will perform important wholesale functions, buying from producers, collecting and selling directly to a retailer. The initiative for improvement will require to be a combination of action by three groups: private enterprise, co-operative and government.

Private enterprise covers primarily assembly traders, truckers, wholesalers and retailers. Competition in these areas is supported by the government, and it ensures that both producer and consumers get the best deal. For example, the cooperative movement plays an important role in groundnut marketing and this will expand, both in range and function.

Two organizations dominate the public sector, the Gambia Produce Marketing Board and the Cattle Marketing Board. The former is a well established organization now controlling the collection, processing, export and sale of oilseed and oil. It recently purchased Gambia River Transport, responsible for evacuating the bulk of the groundnut crop by river to Kaur and Banjul. It has also become involved in the purchase and sale of rice, the production and sale of refined oil to the local

²⁷"Bambia on the Go," Time.

market, the importation and storage of fertilizer, the collection and ginning of cotton, the grading and export of confectionary groundnuts. Its only further expansion of responsibility will be that for the two-store central grain reserve. Its groundnuts seed and oil marketing policy will continue as at present, bolstered by the recently agreed EEC commodity stabilization scheme. Three problems related to groundnuts will continue to dominate its activities for the foreseeable future--the irregular flow of seed to the oil mill near Banjul, the marketing of groundnut cake, and seeking potential movement, responsible for marketing almost half the crop, will increase its road transport capacity over the next two years.²⁸

Agricultural Mechanization

Although additional direct inputs of human and draught power will contribute more to the increase in energy input into crop husbandry during the coming years, there are certain selected areas where mechanical power usage will be expanded. Those activities where, in local circumstances, power mechanization is clearly more economically efficient are not always easy to identify. However, a number of studies and field trips indicate the following:

- (1) That in addition to the use of small mechanical equipment, there will be a need for the use of heavy mechanical equipment for land clearance and construction of ditches and bunds;
- (2) Pumping of surface water for irrigation.

Efficient mechanized land clearance, and the particular tree stumping, requires specialized equipment appropriate to local conditions. Certain types of hydraulic equipment are being field tested before being introduced

²⁸Ibid.

on a wide basis. A tractor ploughing scheme, hiring out from a central pool, has been operational for some years. However, while it was planned to cover 12,000 acres per annum, in recent years it has only managed to tackle some 5,000 acres.²⁹ Much of the equipment will require phased replacement during the coming years. The project, to establish itself on a sound economic footing, will require extensive administrative re-organization to increase equipment utilization rates. Replacement will go ahead only as utilization increases.

The usage of rice cultivators and small irrigation pumps will increase but at a rate limited by the rate of expansion of the acreage of irrigated rice, and by the increase in provision of effective maintenance services. The possibilities for introducing large multi-farmer pumps will be investigated.

The provision of adequate public and private sector maintenance personnel backed by a reliable supply of spare parts is a primary constraint to any mechanization programme. An extension of the proposed technical institute will be built next to the existing agricultural workshop at Sapu to boost the supply of fitters and mechanics knowledgeable in agricultural equipment.³⁰ A similar workshop will be established in Basse in 1978/79. Co-operative societies and private dealers will be directly encouraged to improve dealer services in the rural areas.

A research project has recently identified the most appropriate ex-plough for Gambian conditions and, with certain minor modifications, the plough will be sold under the various credit schemes. Simple agricultural

²⁹Ibid.

³⁰Ibid.

machines are already playing an important role in such operations as rice threshing and groundnut decortication. In a limited number of processes, particularly in confectionary groundnut decortication, this type of transfer of technology will be expanded. In introducing new equipment, every effort will be made to ensure that the level of technology is appropriate to the Gambian circumstances.

Land-Use

A recent nationwide land resources survey, when combined with the 1973 population census and the 1974/75 Agricultural Census, produces a very good base for a detailed policy for the geographical distribution of natural resource development. Regarding non-agricultural usage, certain areas have already been designated as Forest Parks and a small number of wildlife reserves will be created in the next two years. Every effort will be made to avoid any conflict of interest in the land use as supervision can only be expected to be effective in marginal situations. Only very small acreages will be required for public purposes. This will involve principally the expanded cattle station at YBK and a pilot Youth Resettlement Programme. In each case a necessary compensation will be paid to displaced small farmers. Table 9.48 summarizes the breakdown of present land use in each administrative division.³¹

Communal land ownership (which is at present the common land tenure system) does not allow for rapid agriculture development. This is mostly because of the transitory nature of the ownership and control of arable land. The conditions under which land is held by farmers determines the incentives for its development. With no security of tenure and the oppor-

³¹Babocarr Nyang, Gambia Today (London: Oxford University Press, 1975/77).

tunity of ownership of land, there is hardly any incentives to invest on its development. Moreover, this tenure system poses a difficult problem for credit institutions which, in the absence of any tangible security, has to make loans for agricultural development mostly on personal security or liens on crops and, thus, limit the amount of loan that could be provided. Material produced in the recent Land Resources Survey will be developed to produce comprehensive land use mapping and the two will be combined as a basis for introducing more direct control over land usage. This will involve the determination of leasing arrangements which will determine the ownership and use of given areas of productive land. Extension staff will be advising on appropriate land usage. Many complex agricultural, social, cultural, administrative and legal issues are involved, and in 1978/79 these will be studied with a view of introducing a number of pilot projects in 1977.³²

For the purposes of agriculture, the land farm may be divided into three main groups--plateau, slopes and flood-plain. The laterite plateaus are broadly not suitable for crop husbandry. The colluvial soils of the slopes are extensively used for traditional crops and a large part of the alluvial flood-plain is densely cultivated (some of it for irrigated crops). However, much of this flood-plain is not easily exploited. Above Basse, it is the high annual fluctuation in the height of the river-water that makes the exploitation difficult, while below Kindang the drawback is saline intrusion up the river during the dry season. Below Dankunku, the risk of sulphate toxicity of the clay soils presents the main difficulty. The river-bank area between Kaur and Basse is suitable for exploitation under flood control or irrigation but there is a direct constraint on the latter form of land use imposed by

³²Ibid.

the limited availability of river-water. However, in spite of this constraint, this area will be the principal source of new acreage development during the Plan Period (See Column 5 in Table 9.35).

The Land Resources Division conducted a detailed soil survey and when it is combined with a survey of recent land use, a useful picture of potential agricultural expansion emerges. This is summarized below.

Comparison of Agricultural Potential and Current (1972) Land Use

Land Use	Areas (in ha) and percentage of soil group				
Soil Group	Culti- vated	Fallow	Unculti- vated	Non-agri- cultural	Total of Land area
1. Unsuitable	6,655 2%	59,212 17%	279,027 79%	10,221 3%	355,115 34%
2. Marginal	5,684 5%	38,913 31%	80,383 64%	1,147 1%	126,127 12%
3. Suitable with quali- fications	27,018 18%	68,789 47%	48,531 33%	3,335 2%	147,781 14%
4. Suitable (rain-fed crops)	77,877 22%	172,796 53%	72,956 22%	8,715 5%	326,344 32%
5. Suitable	5,791 7%	11,721 15%	62,665 77%	933 1%	81,116 8%

Source: Land Resources Survey Report

Summary

Weather conditions were not favorable in 1972; total rainfall in The Gambia amounted to only 22 inches, as against 44 inches in the preceding year. Fortunately, The Gambia was not too adversely affected, considering the widespread draught conditions which had prevailed in the surrounding regions of West Africa in the immediately preceding years and which intensified during 1972, leading to massive crop failures, loss of livestock and famine. The timeness and even distribution of the unusually low rainfall--coupled with sound expert advice from the Ministry of Agriculture, the intensification of extension work and the willingness of farmers to take advice and increase their efforts--averted what could have been a disastrous year. Nevertheless, the low rainfall did affect the volume of production of both food and export crops; the effect was particularly adverse on the farmer, and The Gambia again needed food aid from abroad. As for groundnut purchases by the GPMB, they fell from 122,623 tons to the preceding year to 100,500 tons during the 1972/73 season.

Prices for groundnuts and groundnut products, however, were good, due largely to shortfalls in oilseed crops in other parts of the world and to a shortage of high protein cattle feed resulting from the failure of the South American fish meal production. As a result, the world market price for groundnuts soared, and the GPMB was able to realize D491 per ton, as compared with D438 per ton in 1971/72 and D466 in 1970/71. World prices of groundnut cake and oil also rose sharply in 1972/73, and the generally satisfactory situation led to more crushing of groundnuts in The Gambia, resulting in increased exports of groundnut oil and groundnut cake. Highly satisfactory progress was also made

in developing the export of special hand-picked nuts for the confectionery market.

The Gambia, realizing the dangers of monoculture, places great emphasis on diversification of agriculture, and rapid strides have been made to encourage the production and use as cash crops of cotton, vegetables and rice, in supplement to groundnuts. The new rice project which started in April 1973 in the McCarthy Island Division with IDA assistance, in particular, is progressing most satisfactorily. Despite the increase in the volume of domestic production, however, the import gap is continuing to widen as a result of the steady shift in consumption from sorghum and millet, to rice.

Increased investment in the fishing industry has led to a very rapid increase in fish exports. During the year under review, fish exports more than doubled, from D314,554 in 1971/72 to D987,373, thus raising this industry's percentage share of total exports from 1.2 percent to 3.6 percent.

Another important development during the year in the drive to diversify exports was the establishment of the Cattle Marketing Board. The Board started operations in October 1972, and it is expected that the export of meat to West African markets will commence in the near future. The Gambia Hides Export Company, established in 1971, has been making satisfactory progress in the export of hides and skins, which reached D142,333 in 1972/73, as compared with D107,457 in 1971/72.

The tourist industry maintained during the period under review its position as the fastest growing sector in the Gambian economy, and gross fixed capital investment in that industry reached D4.5 million in 1972/73,

mostly in hotel building and expansion. As a result capacity was raised from 1,000 to 1,500 beds, making it possible for the number of charter flight tourists visiting the country to grow from 8,031 in 1971/72 to 15,584 in 1972/73. Total local expenditure by tourists amounted to D4.6 million during the period under review.

The expansion of the tourist industry has helped to make a small dent in the unemployment problem faced by The Gambia, and during the 1972/73 season employment in hotels rose to more than 1,000 persons. The expansion of the fishing industry also helped increase job opportunities, but unemployment and underemployment remain an area of great concern to the Government. To tackle this problem, sustained efforts are being made to recast educational programmes in a way that would enable school-teachers to acquire those skills that are most needed by the Gambian economy at this stage of its development.

Banking System

A major event in the banking field was the opening of The Gambia Commercial and Development Bank, which started operations on 29th November 1972. The initial paid up capital of the new bank is D300,000, of which the Government has contributed D155,000, The Gambia Co-operative Union Ltd. D95,000, and the GPMB D50,000. It is hoped that, in time, shares may also be sold to the public. The bank is divided into two sections. The Commercial section will give greater breadth to the banking system now serving The Gambia, while the Development section will provide the means for enhanced private investment in the country and, in particular, will assist those Gambian enterprises which, until now, did not have easy access to capital financing. The bank's first months of operation have

fully borned out the hopes that had been held out for it. The bank has already proved its usefulness in mobilizing domestic resoucrs, and deposits exceeded D3 million by the end of June 1973. While trade financing constitutes, so far, the largest portion of the bank's loans and advances, significant head-way has already been made in extending development loans to the agriculture sector. In addition, the bank played a substantial rule in crop financing during the last season, and it has also provided an appreciable amount of services to tourists, particularly in the exchange business.

The expansion of banking in The Gambia is a welcome development, but one that also requires legislation to ensure that--in the years to come, as has been the case in the past--the banking system functions on a sound basis. Accordingly, further attention was given to the Financial Institutions Bill, which seeks to regulate all matters pertaining to the organization, management, operations and liquidation of financial institutions in The Gambia. In particular, the Central Bank solicited comments from the commercial banks and, with their co-operation, was able to put the finishing touches to an improved draft of the bill. Parliamentary action on the bill is expected in the near future.

Money and Credit

The growth of the money supply slowed down appreciably in 1972/73 but, at almost 16 percent, remained high. Even after taking account of seasonal influences, the money stock expanded with particular rapidity through January 1973, when it stood at a level some 26 percent higher than a year earlier; this advance reflected, however, to a substantial

extent delays in shipping, which led to a lesser than usual absorption of liquidity for import payments. As the delayed imports were received and paid for later during the first quarter of 1973, however, the money supply started to drop more sharply than is normally the case for seasonal grounds. This down trend was reinforced by the fact that farm incomes, although very high, were below the level of a year ago, since the rise in the producer price for groundnuts from D180 to D200 a ton failed to fully compensate for the drop in the groundnut crop from 123,000 to 101,000 tons. By June 1973, the money supply had therefore declined to D16.3 million, which, however, was still D2.2 million higher than a year earlier; demand deposits had increased by D1.9 million, while currency outside banks advanced by D0.3 million, to a total of D8.6 million.

As in earlier years, quasi-money continued to rise rapidly, its growth reflecting the sustained expansion of economic activity in The Gambia. In addition, however, quasi-money also boosted by the centralization of The Gambia's external reserves at the Central Bank in March 1973, which resulted in the introduction into the domestic monetary stream of the Dalasi counterpart of certain savings previously held abroad. These covered, in particular, funds invested in London by the Post Office Savings Bank and various Local Area Councils, which totalled D1.0 million. From June 1972 to June 1973 quasi-money increased by D2.2 million, to a total of D7.1 million. The sharpest rise was in time deposits with the commercial banks, which trebled, surging from D1.0 million in June 1972 to D2.9 million in June 1973. Savings deposits at the commercial banks advanced by D0.3 million, to D3.2 million

but deposits at the Post Office Savings Bank remained virtually unchanged, at D1.0 million. Even after excluding the addition resulting from the taking over of the external reserves by the Central Bank, quasi-money registered a considerable growth of D1.2 million, or 25 percent. This indicates a very satisfactory pick up in the formation of monetary savings, but it also points out to the need for a more effective mobilization of domestic savings for the purpose of accelerating fixed capital investment in The Gambia.

Bank credit had fallen sharply in the latter part of the preceding financial year, as a result of the phasing down or discontinuation of their operations in The Gambia by two large trading companies that had traditionally had recourse to substantial bank financing. By the end of July 1972, loans and advances made by the banks had fallen to a four-year low of D5.3 million; this represented a decline of D3.7 million from the corresponding month of 1971. Subsequently, with the need to extend credit for crop financing, loans and advances staged an exceptionally strong recovery, reaching a record high of D21.8 million in January 1973, when they stood at D6.3 million above their level a year earlier. The sharpness of the advance was, however, largely due to the fact that the crop financing previously done by the Co-operative Union Ltd. was taken over by the new Gambia Commercial and Development Bank, and was thus included for the first time in bank loans and advances. This shift was also clearly reflected in the direction of Central Bank credit for crop finance. Such credit to the banks amounted to D14.6 million in 1972/73, as against D5.5 million in 1971/72; in 1971/72, however, the Central Bank also lent D8.0 million to the Co-operative

Union Ltd., bringing that year's crop finance credit to a total of D13.4 million, while no such crop finance loans were extended to the Co-operative Union in 1972/73. The banks loans and advances dropped sharply in the early months of 1973 as the Licensed Buying Agents made delivery to the GPMB and repaid their bank borrowings.

In the meantime, however, non-seasonal demand for bank credit was strengthening as the vacuum left by the withdrawal of the two trading companies was being gradually filled by other enterprises. A notable feature in this development was the emergence of a number of new enterprises owned and managed by indigenous Gambian businessmen--a welcome trend in which The Gambia Commercial and Development Bank, with its close local connections and developmental orientation played a significant part. With demand for some other types of credit, not related to agriculture or trade, also firming, total loans and advances began to expand briskly, and contra-seasonally. By June 1973, total bank credit had thus reached D9.0 million, a level that was D3.4 million higher than a year earlier, and only fractionally below the peak June figure recorded in 1971.

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